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OFFICE OF STRATEGIC SERVICES

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PROSPECTS OF THE FCNL SOCIAL POLICY

Description

The following report, based on material from the R and A Office in Algiers, describes the plans for the economic reconstruction of France recently projected by FCNL leaders, and the probable opposition to the execution of these plans, arising among the great industrial and financial interests and already exhibited in the struggle over Blucus operations in North Africa.

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PROSPECTS OF THE FCNL SOCIAL POLICY

Summary

1. General de Gaulle and Adrien Tixier, Commissioner for Social Affairs, have recently enunciated the immediate social aims of the FCNL. The Tixier program, set forth before the Assembly on 31 March, envisages the restoration of free unionism and of labor's social gains in the thirties, the upward revision of wages after liberation, and governmental measures to control manpower and prevent unemployment in post-war France.

2. Though concerned chiefly with immediate problems, the FCNL program is based on a fundamental determination to prevent the great financial and industrial interests from recovering the power over national affairs which they exercised before the war. This determination is reinforced by the fact that many of the great banks and cartels have played pro-Nazi roles after -- and, in certain cases, before -- the armistice.

3. The general social aims of the great banks and cartels have been embodied in the doctrine of Synarchie. Recent activities in North Africa on the part both of "patriotic" businessmen and of ex-attentistes or ex-collaborationists show the present efforts to gain key positions in Algiers for the exponents of the synarchiste or cartel point of view.

4. The struggle between the big business advocates and the champions of economic reconstruction along official FCNL lines has centered so far on the question of economic measures against collaborationist finance and industry. Blocus, the agency set up shortly after the Allied landings in North Africa to deal with the disposition of collaborationist properties, was hamstrung for a considerable period by the influence in high places of men sympathetic with the synarchiste view. With the rise of De Gaulle and the fall of Giraud, however, the personnel of Blocus was changed, and its operations became markedly more efficient. At present, there is visible in Algiers a new attempt to draw the teeth from Blocus.

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5. This behind-the-scenes struggle in Algiers over the disposition of collaborationist properties is but a mild rehearsal for what will eventually take place in France. French labor leaders have already developed plans for swift and drastic state action against pro-Nazi enterprises, while the great interests are reported to be looking to American and British big business for support. The future of the FCNL social program will depend in great part on the success of the great banks and cartels in carrying over their power to the post-war world.

I. INTRODUCTION

As the liberation of France draws near, and as the demands of resistance groups for social and economic guarantees grow more importunate, the French Committee of National Liberation has been devoting increasing attention to post-war social and economic plans. General de Gaulle, in his speech of 19 March to the Technical Congress of Fighting France, declared that France, having passed through the stages first of liberal and then of monopoly capitalism, must now enter a period of "national economic organization" when "the State will have to direct the economic activity of France and the Empire... and adapt social progress to the progress of the national wealth." On 31 March Adrien Tixier, Commissioner for Social Affairs, in association with the Consultative Assembly's Commission of Economic and Social Affairs, presented a report setting forth the first concrete steps in implementation of De Gaulle's social aims.

II. THE TIXIER PROGRAM

Tixier confined his report to issues regarded as urgent, emphasizing the desire of the Committee to defer fundamental social questions to the decision of the French people as a whole. Nevertheless the report makes clear the main outline of the Committee's

policy on such problem, as labor organization, manpower, and wages. It also suggests the FCNL's long-range policy of preventing the domination of the national economy and of public affairs by great private interests.

Tixier's first proposal was the immediate abrogation of the Vichy "Labor Charter" and the restoration of free unionism. The removal of collaborationist officials from labor organizations is to be carried out by commissions chosen by the resistance majorities within the union, until such time as the unions are in a position to elect formally their new officers. The employers associations will be reviewed by commissions of patriotic employers appointed by the provisional government.

Free unionism -- "syndical liberty" -- means for Tixier and the French labor leaders freedom of the workers to organize and to bargain, and freedom of the individual worker to refuse to join or contribute to any union. In order to increase the bargaining power of labor, its representatives advocate a small number of unions, perhaps a single union for an industry in each departement. But they do not demand the closed shop or the check-off -- practices which French labor has historically viewed as a possible danger to its liberties.

The report reaffirmed the principle of the 40-hour week, the symbol of labor's gains in the middle thirties. At the same time, all agree on the necessity of longer hours in industries essential to the rehabilitation of the nation and the prosecution

of the war. The representatives of the two national labor organizations, Gazier of the CGT (Confédération Générale du Travail -- Socialist) and Poimboeuf of the CFTC (Confédération Française des Travailleurs Chrétiens -- Catholic) declared that French labor should and would accept the 60-hour week if necessary in the national interest, and if negotiated with the unions on the basis of the 40-hour principle. The debate brought out one little considered aspect of this question -- the deterioration in the physical condition of the French workers, which is bound to limit the working capacity of a good part of the labor force.

On the question of wages, it is taken for granted that the provisional government will maintain price and rationing controls. Estimating that the purchasing power of the franc has declined by one-half since 1939, Tixier proposed an immediate substantial wage increase, together with the establishment of a basic minimum wage which would guarantee at least subsistence. Tixier pointed out that in some parts of France today certain laborers do not earn enough to purchase rationed amounts due them even at legal prices, not to mention essential non-rationed goods and services; it was the German policy, he observed, to keep wages inadequate in order to force workers into Nazi or Nazi-controlled enterprises. The revision of wages to correspond with changes in the cost of living is to be handled by a board representing government, labor, and industry.

On the manpower problem, Tixier argued that the economic straits of liberated France would require strict controls and recommended means of labor compulsion based on the law of 11 July 1938, which established the power to draft labor and industry. Employers should be obliged to conduct all hiring through public agencies, which would distribute labor on a priority basis. All these measures, however, are to be accompanied by clear social guarantees. Since prisoners of war and deported workers may return to France at a rate which exceeds the capacity of devastated French industry to absorb them, a temporary unemployment problem is to be expected. For this contingency Tixier advocated relief payments higher than those either of Vichy or of the Republic.

III. WAR ON THE TRUSTS

The notorious role played by large economic interests, both financial and industrial, in recent French history accounts for the general determination not to allow private business such power over national affairs in the future. Tixier emphasized that French employers could not be condemned (or whitewashed) en bloc, observing that most of the medium and small employers had fought beside the workers against the relève and many had joined the resistance. But the mass of large industry had definitely collaborated with Vichy and the Germans; some of its representatives are believed to have conspired to cause the French collapse; and Tixier expressed the general sentiment of the Assembly in calling

for measures to safeguard France in the future from domination by the great financiers and industrialists through political corruption and bribery of the press.[1]

The trusts themselves, however, are far from dead or impotent. While the great banks and cartels on the whole rushed to collaborate with the Germans, many of them were shrewd enough to hedge their bets by arranging that some of their officials or directors should join Britain or De Gaulle. As the fortunes of war changed, many more decided that Germany would lose the war and acted accordingly. In addition, a good many genuinely patriotic businessmen have taken an active part both in resistance and with the Gaullist groups.

In the thirties the political objectives of the great French cartels was the development of an integrated economy, in which the cartels, working through the state, could adjust prices, wages, and the whole economic order so as to assure their own continued dominance. If parliamentary regimes proved intractable, they were to be discarded; labor was to be kept under strict control. While these general ideas were prevalent among most French big industrialists, they received their most systematic expression in the doctrine of Synarchie.

With the fall of France a large number of men known to be sympathetic to Synarchie installed themselves in the Vichy regime, including Pucheu, Barnaud, Boncist-Mechin, Bichelonne, Belin, Baudoin,

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1. For further information on the pro-Nazi activities of French finance, see "Portrait of a Two-Way Collaborationist" (Lemaigre-Dubreuil), PM Weekly, 23 July, 1943, "Background of the Pucheu Trial, "PM Weekly, 17 March, 1944, and the special OSS studies, R and A No.s 994 and 1015.

and Pietri. They were active in organizing (and profiting by) Franco-German economic collaboration and in shaping Vichy labor and economic policy. A number of these men were also associated with the Banque Worms, which soon won the reputation of being the most active collaborationist center in French finance.

Some Synarchistes, one wing of the Groupe Worms, and certain other representatives of high finance and of the cartels refused to serve Vichy and the Germans. They were joined by others who, with the development of the war, shifted their attention to their Allied connections and in particular to North Africa. Ample evidence in the records of the United States Treasury shows how they sought to entrench themselves both economically and politically in North Africa, especially after the Allied landings.

There can be little question that the activities of both Synarchism and of the Groupe Worms have been exaggerated for propaganda purposes, and that important elements of myth have been added to records which in themselves would have been sufficiently incriminating. Synarchie, for example, has been expanded from a small movement, evidently sponsored in great part by Jacques Leroy-Ladurie of the Banque Worms, into a generic name for all political activity in terms of the great cartels, or even for activity sympathetic to the future existence of cartels. Thus, as the term is loosely used in Algiers today, such members of the FCNL as Jean Monnet, René Pleven, and André Diethelm are said to be sympathetic to Synarchisme; and Gaston Palewski, De Gaulle's chef de cabinet,

as well as Colonel Passy of the BCRA, are described as synarchiste.

There are thus in Algiers at present two groups more or less opposed to the type of program demanded by the resistance and contemplated in the Tixier proposals: the patriotic wing of French business and finance, led by such men as Monnet and Diethelm; and the attentiste and collaborationist wing, part of which have started to come over to the Allies as German victory began to grow remote, led by such men as Couvé de Murville, Lemaigre-Dubreuil, and the late Pierre Puchau, and including the synarchistes, in the strict sense, and the pro-English wing of the Groupe Worms.

After the assassination of Darlan and the fall of Giraud, these groups have lacked important political leadership. Accordingly they have refrained from open attacks on the leftist social programs of the FCNL and the Consultative Assembly. It may well be that the shrewder members of these groups recognize the political necessity of enunciating such programs and rely upon their own undercover power, popular inertia, and Anglo-American support to keep the programs from being carried into effect. They have thus exerted themselves, not in opposition to De Gaulle's post-liberation promises, but in quiet attempts to infiltrate themselves into key ministries, such as the Commissariats of Foreign Affairs and Finance, and in a methodical sabotage of the attempts of the Committee to enforce measures of economic control against collaborationists.

IV. FRENCH ECONOMIC CONTROLS

The United States Treasury officials who landed in North Africa in 1942 found no French administrative machinery with the power or inclination to implement the Allied program of economic warfare, a program based on the order freezing French assets in the United States under licensing control. At the steady insistence of the Treasury officials and against the opposition of collaborationists banks and businesses, measures of currency and financial control were slowly established.

On 16 and 29 November, 1942, Darlan, after negotiations with American representatives, issued instructions to the banks to block the accounts of European nationals, including citizens of Metropolitan France. After further negotiations, a trading-with-the-enemy ordinance was issued on 20 December, specifying penalties and setting up an official blacklist of external enemies. The Direction du Blocus (office of economic warfare) was created on 14 December. The Giraud regime showed little enthusiasm, however, for economic warfare against collaborationists, and it was not until 5 March, 1943, that it was induced to give this agency the power to act against internal collaborationists and to investigate, regulate, and, if necessary, sequester their properties.

For the first six months the French administration as a whole was extremely weak. Blocus was attached to the Commissariat of Foreign Affairs, where large economic interests were heavily represented; and the top Blocus officials showed no disposition to

take the vigorous action desired by the Treasury men. The director of Blocus at the time was De la Nezière, who had reportedly come to North Africa, before the Allied landings, with a letter and decoration from Pétain. In Morocco particularly the Blocus delegates were conspicuously under the thumb of the interests.

When, in response to an American request of 6 May 1943, an investigation of the Worms activities was undertaken, the action was entrusted by Couvé de Murville, Giraud's Commissioner of Finance, to M. Largentaye, an inspector. He found "no operation favorable to the interests of the enemy either before or after 8 November 1942," dismissed a shipment of molybdenum to Germany (which, though small, later became a basis for Blocus action), ignored the evidence in the procès verbal that Couvé de Murville himself had been present at this deal, and found no reason for placing Worms activities under supervision. Similarly when American inquiries brought about an investigation of gold shipments in February 1943 by the collaborationist Banque de l'Etat du Maroc, the job was handed over to M. Gregh, a former of director of supply at Vichy, and again came to nothing. Since then two of the bank's directors have been jailed.

As the Gaullist influence increased in the French government, the administration itself grew stronger, and Blocus was reorganized and shifted to the Commisariat of Supply and Production, headed by André Diethelm. Though associated with high finance, Diethelm, unlike Couvé de Murville, belonged clearly to the patriotic wing and permitted a fairly vigorous enforcement of Blocus regulations. The new director was Jean Richemonde, a member of the

celebrated 200 families, whose pseudonym of Bozel was promptly uncovered by the Communist weekly Liberté. Partly because of the press attacks, which listed the industries and banks with which he is connected, partly also apparently because of personal distaste for the work, Bozel-Richemond has increasingly left the actual administration in the hands of his energetic directeur-adjoint, Commandant Marcel Viel. A lawyer and banking official by profession, Viel had become familiar with synarchist activities before the war as a judicial administrator for the Tribunal de Paris.

V. BLOCUS' NEW POWERS

Two new ordinances, prepared under Viel's direction, were adopted by the FCNL on 6 October 1943. Reaffirming the basic French law and decrees of 1 September 1939 prohibiting trading with the enemy and providing for the sequestration of enemy prope y, these ordinances declared null and void the ordinances "suspending" the decrees of the Republic and recast the powers of Blocus in more decisive and comprehensive terms.

Armed with this new authority, Blocus officials have proceeded more actively against suspected enterprises. After a firm has been thoroughly investigated, Blocus reviews the evidence and decides whether it is to be placed on the internal list of enemies. If found guilty, the firm is then privately or publicly placed under administrative controls, surveillance, or sequestration; if necessary, its officials are brought before a criminal tribunal.

The action against the Banque Worms illustrates the new energy of the reformed Blocus. Having reviewed "paper by paper" the records of the collaborationist banks in Morocco and of the Wiesbaden Armistice Commission, Blocus officials were convinced beyond all doubt that Worms (and other banks) had served the Germans. The deal involving the shipment of molybdenum to Germany was selected as the case for action. In the negotiations for this deal the Germans showed advance knowledge of stocks and other matters which could only have been provided by officials of the company, a Worms affiliate; the deal was voluntary, not forced; and it was concluded in accordance with a declaration that passed between Couvé de Murville, then Vichy Delegate for Economic Affairs, and Schoene, the German delegate, in October 1941. The shipment was made in March 1942.

The molybdenum subsidiary was put under control in October 1943 and on 26 November all Worms interests were placed under a controlleur surveillant. Worms shipping interests had, of course, already come under the general regulation of all transport. Legal action is also pending against the head of its shipping affiliate in Tunisia.

This has been the pattern of Blocus activities. With the strong support of the United States Treasury, they have become increasingly effective. The ordinances of 6 October had applied only to Algeria and the colonies; but by an agreement of last February with General Mast and M. Puaux, the Blocus delegates in Tunis and Morocco were brought under the direction of Blocus in Algiers.

VI. THE FUTURE OF BLOCUS

The activities of Blocus have, of course, antagonized the great banking and cartel interests, most of which are indelibly tainted with collaborationism in some form. Much more than speeches or programs, Blocus represents a threat to the actual power arrangements on which French big business is depending to avert a leftist democracy after the war. Accordingly opposition to Blocus is steadily increasing, within the Commissariats of Finance and Foreign Affairs, from the banks, and from various officials in Algiers. Opposition has also been mounting in Morocco, the center of synarchiste activities in North Africa. The situation has suddenly crystallized with the replacement of Diethelm by Giacobbi in the Commissariat of Supply and Production, to which Blocus is now attached. In spite of his earlier associations, Diethelm had allowed Blocus officials full liberty of action. Giacobbi has shown that he is not anxious to retain this agency and be obliged to support it against its enemies. Although some reports say that Blocus may to under Billoux, Commissioner without Portfolio, or even back to Diethelm, now Commissioner of War, the more widespread expectation is that efforts are being made to shift it back to Foreign Affairs or Finance, where presumably it would be muzzled. Blocus officials are gravely concerned over what they term "these synarchiste efforts." If the situation continues to deteriorate, they plan to appeal for final decision to General de Gaulle himself.

This behind-the-scenes struggle over the disposition of collaborationist properties is but a mild rehearsal for what will take place when France itself is liberated. The pressures against vigorous government action will be even greater, and the powerful collaborationist banking and cartel interests will make prodigious efforts to enlist their American and British counterparts in bringing concerted pressure on the Allies to intervene. These groups will not for the time being show their hand in open political opposition to broad social programs; they will confine themselves rather to sabotage and obstruction of any concrete measures likely to tend toward the eventual realization of the programs. The problem of the disposition of industry now run or owned by collaborationists will present the question of state control in an especially urgent format the moment of liberation. Poimboeuf of the CFTC believes that the state will have to take over large enterprises which would otherwise remain in the hands of collaborationists. Gazier of the CGT has been even more specific, dividing French industry into three broad categories -- those naturally disposed toward large concentration, such as steel, mines, and chemicals, which should be nationalized; those subject to a lesser degree of concentration, such as textiles, over which the state should exercise control through government-management-labor committees; and the bulk of small enterprises, over which the government should exercise only such broad controls as regulation of wages, hours, working conditions, and fair trade practices.

Both Gazier and Poimboeuf have pointed out that the behavior of great industrial and financial leaders has so outraged the nation that the patriotic Right may well be receptive to such a program. They have further stated that any success "the interests" find in their efforts to win support in America will only further mobilize French opinion against them. It is likely that the next phase of the fight between the great interests and the left will take place when the FCNL attempts to enforce Blocus measures against collaborationist business in metropolitan France.